



NRI report No. 2660

# **Sustainable |NGO/CBO Agricultural Marketing Initiatives**

Proceedings of a workshop held at White Field,  
Bangalore, 25–25 September, 2001

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# SUSTAINABLE NGO/CBO AGRICULTURAL MARKETING INITIATIVES<sup>1</sup>

## Background

The workshop reported here, held at White Field, Bangalore, 24-25 September 2001, forms part of a research project on best practices in NGO/CBO agricultural marketing initiatives. This project is funded by the United Kingdom's (UK) Department for International Development's (DFID) Crop Post-Harvest Research Programme and will be implemented over 2001-2003. The Natural Resources Institute (NRI) is responsible for undertaking the research in collaboration with local organisations in India and Uganda. Agriculture Man Ecology (AME) and Catalyst Management Services (CMS) are the main partner organisations in India.

The idea behind this project is to identify and disseminate approaches and interventions in the agricultural marketing sphere that not only are cost-effective and commercially sustainable, but also have the potential for replication. The emphasis is on domestic agricultural markets. Lessons will be learned from existing experiences while action research will be undertaken to tackle new marketing issues. During the research, the capacity building needs of local organisations will be identified. A process of information exchange and dialogue with a wide range of national organisations in India and Uganda is moreover envisaged to facilitate the identification of priorities and to ensure wide dissemination of project outputs.

The need to identify and develop sustainable solutions to the agricultural marketing problems that farmers face in poor developing countries is supported by empirical evidence. When asked about their main problems and concerns, farming households often cite difficult access to markets and low and volatile prices. NGOs and CBOs are well positioned to support farmers in overcoming these problems, due to their strong presence in the field and the participatory and grassroots nature of their work with rural communities and households. Many have been developing initiatives with a strong emphasis on agricultural input and output marketing, apparently with mixed results. Lack of expertise, poor access to relevant information and contacts, or a legitimate focus on remote areas and the most disadvantaged farming households partly explain why interventions sometimes fall short of their intended objectives. This project aims to address such shortcomings.

## Purpose of the workshop

The purpose of this workshop was fourfold:

- i) to introduce participants to the NRI/AME/CMS research project;
- ii) to develop contacts between the project and local organisations;
- iii) to identify key issues in agricultural marketing in India; and
- iv) to identify possible case study areas for future research.

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<sup>1</sup> This publication is an output from a research project funded by the United Kingdom Department for International Development (DFID) for the benefit for developing countries. The views expressed here are not necessarily those of DFID. R7941. Crop Post-Harvest Research Programme.

These objectives were largely achieved. The workshop was very successful in sensitising participants to the issue of NGO/CBO involvement in agricultural marketing and in facilitating informal contacts and links between participants most of whom are based in South India. Moreover, workshop participants contributed actively to the working group and plenary discussions, contributing views on a number of relevant topics. The workshop programme and list of participants are attached at Annexes 1 and 2 respectively.

### **Introduction to workshop**

Ann Gordon (NRI) presented an overview of agricultural marketing issues in general and then outlined the focus of the proposed research on marketing interventions. She explored five key features of agricultural markets in India: uncertainty, high transaction costs, low income consumers, markets in transition and informality. Whilst these issues represent some of the problems that marketing interventions might address, they also place restraints on the range and potential impact of suitable marketing initiatives. Defining a marketing intervention as one that seeks to improve farmer incomes from agricultural marketing (and therefore not necessarily implying any direct role in agricultural marketing), the research will seek to identify best practice in NGO interventions, drawing on case studies from (1) recently finished initiatives, (2) currently ongoing initiatives, and (3) action research on the development of new initiatives. The full text of the presentation is attached following the main workshop report.

### **Overview of presentations**

Everyone present was invited to introduce the organisation they represented and describe their potential or actual involvement with agricultural marketing. Individual presentations are attached following the main workshop report. The collective experience of the workshop participants was wide-ranging, and gives some clue as to the different capacities of NGOs to manage business ventures. Several categories were clearly represented:

- organisations whose principal focus is the promotion of Low External Input Sustainable Agriculture (members of AME's LEISA network) but are interested or involved in marketing organic or pesticide-free products
- organisations for which marketing is a prime focus, such as the Keystone Foundation and Gram Mooligai
- organisations involved in several activities including marketing value added or organic products via dedicated specialist urban outlets
- organisations involved in financial services for rural development (BASIX and NABARD)
- research and consultancy organisations (NRI and CMS)

The presentations highlighted a number of concerns that were to recur throughout the workshop.

Many of the organisations present are members of AME's LEISA network, for whom organic or pesticide-free production systems are a major focus. Most organisations had initially promoted these methods for environmental reasons, whilst also conscious

that they could be financially viable systems in their own right (particularly with the reduction in input subsidies and the increase in pesticide resistance now common in India). Yet their members are increasingly interested in (a) product recognition and standards, and (b) price premia for organic or pesticide-free products. All the organisations have found it difficult to obtain premia from existing market channels. There is concern that it is easy to dishonestly label produce as organic. Many organisations have resorted to specialised dedicated retail outlets where a premium can be obtained and where customers can be assured of product quality. There is interest in reaching a wider market, however, and there was discussion of organic certification processes. Although there are organisations doing this in India, it is principally for the export market, and is an expensive process that must be updated regularly. Another lower cost option is the development of a brand, associated with an organisation in which consumers can have confidence.

Another theme centred on the problems that marketing creates, and farmer vulnerability to changes in prices or exploitative marketing contracts with traders. Indebtedness is a key feature of these arrangements. Farmers are often obliged to sell their crops to a particular trader on account of input loans previously extended. Some participants pointed out that the transport of produce to distant markets takes valuable biomass away from the communities, exacerbating the promotion of organic production methods. One person highlighted a vegetable initiative where 18 varieties were cultivated organically, with the pests kept in check via careful management and planning of the crops – yet it was difficult to find markets for all the crops grown. At the extreme, there was a view that marketing itself was the problem and communities should be encouraged to be self-sufficient rather than generate a surplus. On the other hand, it was recognised that most farmers want to generate a surplus in order to pay for important consumer items, to cover loans and investments, and to cope with future shocks. Households are interested in selling to more distant markets if there is a clear economic gain, but it is usually difficult for low-income groups to profitably access these more lucrative markets. It was pointed out that some of these marketing problems arise because the activity is supply-led rather than market-led, i.e., the product has been identified first, and then a market must be found, rather than identifying a market opportunity first.

A third focus of discussion centred on two opposing views of the role of government: a more interventionist and paternalistic role versus a more hands-off facilitating role. Despite differences of view, it was recognised that financial pressure on state governments means that few are now willing to subsidise and support agriculture on the scale seen previously, and this is reinforced by a general trend towards a more free market economy.

Group work was to focus on strategies to improve agricultural marketing. Taking account of the interests and experience of the participants, the following sub-topics for group discussions were identified:

- the marketing of organic products
- the marketing of value added products
- other strategies to improve market access (e.g., interventions such as credit, training, market information etc.)

Each group was asked to (a) identify the main issues (b) identify the role, if any, of NGOs/CBOs and the business sector in addressing these issues, and (c) provide real-life examples to support the conclusions drawn.

## **Strategies for the marketing of organic products**

### *Key issues*

- (a) shared irrigation schemes make an area unsuitable for growing organic produce unless all participants engage in organic production
- (b) farmers lack awareness of organic farming and it is difficult to develop groups around this topic
- (c) farmer field schools are a useful means of sensitising farmers to eco-friendly technologies
- (d) production of biomass – important complementary role of livestock and other systems
- (e) biofertilisers and bio-control agents are not available when required in the necessary quantities and quality – local production is needed
- (f) farmers are very dependent on input suppliers – the establishment of local agro-centres can break this chain of dependency
- (g) organic rice is sold locally only to known consumers, who recognise the value and authenticity of the organic rice – it is possible to reach substantial numbers of local consumers in this way
- (h) branding of organic rice is necessary
- (i) market development depends on maintaining quality and reliability of supplies
- (j) discussants were divided on the need for a wholesale function, to assure the smooth flow of stocks to the retail outlet(s)
- (k) farmers should keep records
- (l) organic products require separate processing, packaging, transportation and storage to avoid contamination and to maintain standards
- (m) it may be possible to fund the required infrastructure from marketing profits

### *Role of NGOs and/or the business sector*

Four key functions were recognised:

- market development
- skill development – developing marketing capacities
- infrastructure
- consumer awareness building (e.g., working through colleges, schools, co-ops, ashrams, hotels etc)

The group discussed the possibility of the banking sector providing grants for buildings and infrastructure, and lobbying for policy changes in support of subsidies for organic agriculture. Self-help groups were seen as a potential way in which to develop the farmers' movement to make it more effective in its lobbying activities. It was recognised that marketing development would require access to credit for working capital.

## **Strategies for the marketing of value added products**

Group II discussed value addition issues and strategies. The definition of value addition used by the group comprises all post-harvest activities that add value to raw agricultural products. These activities may include storage, sorting and grading, processing, packing and branding.

### *Key issues*

The group identified seven factors that generally impair value addition activities by farmers:

- (a) Lack of knowledge and information. Farmers may lack information on how to add value to their marketable surplus, the price benefits accruing from value addition activities, or the appropriate market channels to sell their higher value production. They may also lack the skills to undertake certain value addition activities.
- (b) Low production volumes at individual farmer level. Individual marketed volumes are often so low that the time and money spent in value creating activities may not justify the increased income thence generated.
- (c) Liquidity and credit constraints. Farmers frequently sell immediately after harvest due to urgent cash needs. Adding value to production may not only imply delayed sales, which farmers cannot often afford, but may also require additional financial resources, which are not available to most.
- (d) Lack of demand. There may not be any local demand or established marketing channels for certain value-added products.
- (e) Lack of financial incentives. In certain cases, the additional income earned through value addition activities is not enough to cover the labour and financial costs incurred as a result of such activities.
- (f) Lack of available technologies. Some value addition activities, for example processing, may require technologies which may not be readily available locally.
- (g) Availability of inputs. Cold storage infrastructure, packing materials or other inputs may not be locally available, making certain value addition activities unfeasible.

### *Role of NGOs and/or the business sector*

According to the group, whenever profitable value addition opportunities exist, NGOs are well positioned to address some of the above mentioned constraints. For example, NGOs have an important role to play in collecting and disseminating relevant information, promoting exchange visits, and training farmers to enable them to add



value to their production and benefit from improved prices. Alternatively, NGOs are well placed to link farmers with information and training providers.

Another area in which NGOs have a key role to play is group formation and development for the marketing of value-added products to exploit economies of scale in processing and transport and enhance farmers' bargaining position. They can also intervene to overcome existing financial constraints, either through direct credit provision or by linking their end-clients to specialised credit providers while supplying these with key support information. In situations in which simple processing technologies and required inputs are not readily available, NGOs can supply both on credit to farmers. Another option is to link their target clients with equipment and input suppliers.

All the above interventions should be complemented by the development of market linkages to facilitate marketing activities and enhance the respective returns accruing to farmers. In some cases, the direct involvement of NGOs in marketing farmers' produce may be justified, but care must be taken to ensure the efficiency and sustainability of such activities.

### **Other strategies to improve agricultural marketing**

#### *Key issues*

- (a) Capacity Building/ Group Formation and strengthening activities
  - About Technology - Production Management and Post Harvest
  - Credit Information, Management and Repayment Strategies
  - Insurance Education – Crop/ Personal/ Infrastructure
  - Social Capacity Building – awareness on social issues
  - Marketing education – Market information, Market intelligence etc.
- (b) Credit
  - Timely, required amount.
  - Farmer Friendly
  - Credit during production and after harvesting
- (c) Insurance
- (d) Market and Market Information
- (e) Consumer Awareness
  - With reference to Organic produce consumption.
- (f) Quality Control/ Packaging
- (g) Infrastructure
  - Warehousing, Storage, Logistics etc.
  - Transportation

### *Role of NGOs and/or the business sector*

Important roles for NGOs were identified in the following areas:

#### Credit

- Linking up of farmers with Banks, Non Banking Financial Institutions to meet their requirements
- Capacity building of farmers about existing schemes, channels available for credit

#### Capacity Building

- NGOs can play a direct role in capacity building

#### Infrastructure

- Mobilizing funds from farmers, government, donors, banks etc.
- Farmer groups can act as pressure groups for infrastructure creation

#### Consumer Awareness

- consumer education for demand creation

The group made five main recommendations

- focus on the local needs, any surplus can be marketed outside
- use existing marketing channels as much as possible
- build capacity of farmers groups
- link farmers groups with other institutions – banking, insurance, technology partners, markets etc.
- the requisite infrastructure creation is important.

### **Marketing case studies and criteria for judging success**

In a final plenary session, participants were asked to identify successful examples of NGO/CBO agricultural marketing initiatives. A provisional list of 11 case studies was identified:

- (1) Keystone, Nilgiris (honey, millet and other products)
- (2) TEDE Trust, Nr Chennai (organic paddy and packaged dried vegetables)
- (3) Maharashtra Grape Growers Association (grape exports)
- (4) LEISA network, Tamilnadu (organic rice and cotton, neem oil, tamarind, medicinal herbs)
- (5) AP Chandreshakhar, Mysore (wide range of consumer products)
- (6) Gram Mooligai, Bangalore (herbs)
- (7) The Kiskinda Trust, Karnataka (pesticide-free and organic rice)
- (8) Vegetable and Fruit Promotion Council, Keralam
- (9) Prawarda, Karnataka (jagary, pulses, rice and ginger)
- (10) Amul
- (11) Himachal Pradesh Horticultural Marketing

Details of some of these are provided in the participant presentations (attached).

Participants were then asked to state what criteria they had used in identifying these successes. Three main criteria were identified:

- financial/commercial viability
- scale and hence significance of impact on livelihoods
- sustainability (financial, economic, social, institutional, environmental)

NRI, AME and CMS will use these criteria in developing a common methodology for the marketing case studies to be undertaken by the collaborative research project.

### **Concluding comments**

The workshop yielded fruitful and at times heated debate on agricultural marketing and the rural economy within which it fits. Most participants represented South India experience and views, but this clearly included very different ideological perspectives, as well as differing degrees of willingness to accommodate and build upon different ideas and approaches. There was a lot of sympathy for community-centred holistic Gandhian views of development, but many people present also recognised the importance of participation in wider markets. Some people held to uncompromisingly negative views of market intermediaries whilst others had a more nuanced view of the market functions they perform. There were also sharp differences in views on government intervention in markets versus free market policies. Just as these differences fuelled the discussions, so they impact on marketing initiatives and serve as an important reminder of the different dimensions that need to be considered in the marketing case studies.

Analysis of what was *not* discussed is also instructive. Few present chose to address the more commercial or “hard-nosed” business dimension of marketing initiatives. Some participants were clearly uncomfortable discussing these issues. Whilst the research needs to recognise and identify attitudinal and value biases in marketing interventions that affect commercial viability, it is also important to understand how these biases push equity and environmental concerns higher up the agenda – turning a “simple” commercial venture into a complex undertaking with multiple objectives. This is an important part of the context within which NGO interventions are undertaken, and understanding these processes is crucial to a better understanding of what works and why.

The discussions and conclusions from this workshop will inform the selection of case studies and the focus of the research activities. Case study proposals will be developed in consultation with the relevant NGO partners. NRI and partner organisations will start research activities in October 2001.

Summary findings will be circulated as they emerge, and where possible new activities identified based on feedback and other information available.

A further workshop is proposed in the second half of 2002 to review results with Indian partners and identify practical ways in which those results can be translated into action.

At the close of the workshop, Ann Gordon thanked the participants for their enthusiastic participation, AME for making all of the workshop arrangements, CMS for helping with the workshop planning and facilitation, and the Ecumenical Christian Centre at White Field, Bangalore for providing such a convenient and peaceful venue.

# **AGRICULTURAL MARKETING: OVERVIEW OF ISSUES**

By Ann Gordon

## **Introduction**

It is widely recognised that improvements in agricultural marketing must be a key component of rural development. Whilst marketing is principally a private commercial activity, involving farmers and traders or processors, there is nonetheless a role for Government and other organisations in promoting development and facilitating access to markets.

The purpose of this paper is to briefly review some of the key characteristics of agricultural markets in India, to provide a framework within which potential interventions may be considered.

## **Characteristics of agricultural markets in India**

Agricultural markets are characterised by:

- uncertainty and poor information
- high transaction costs
- low income consumers
- change and development, transition
- informality

All these factors are exacerbated in particularly remote areas. These factors influence the feasibility and sustainability of marketing activities.

### *Uncertainty*

Supply-side uncertainty stems from

- weather, affecting the crop and sometimes affecting distribution/access
- pests
- perishability
- inherent natural variation in agricultural products
- “invisible” attributes (for instance, pesticide residues)
- dispersed small-holder production
- poor information flows

Demand-side uncertainty reflects

- weather-sensitive demand for some foods
- poor information
- unpredictable changes in markets (for instance in neighbouring countries, or for complements/substitutes)

### *High transaction costs: “the costs of doing business”*

A number of factors contribute to high transaction costs in agricultural marketing. For example:

- dispersed production, remote areas, poor roads and telephones
- farmers are not organised
- it is difficult to enforce contracts
- lack of standards/regulations
- risk and uncertainty
- poor rural services (transportation, finance, inputs)

### *Low income consumers*

The local market comprises largely low-income consumers. This has the effect of:

- limiting the demand for high value products
- limiting the extent to which the market will reward quality improvements
- limiting the demand for processed goods
- potential displacement of local supply by cheap imports (rice, etc.)

Moreover, many consumers are both producers and consumers – with implications for farmer decisions on on-farm consumption versus sale, and the potential for a “retreat into subsistence” when marketing becomes difficult, risky or unprofitable.

### *Markets in transition*

Markets in India are presently subject to change – largely as a result of the implementation of economic reforms, including trade liberalisation and less government intervention. As a consequence

- input subsidies have been reduced, raising production costs and forcing farmers to re-think their production strategies
- output prices for some crops have fallen and the longer-term outlook is not clear
- local traders continue to play a key role in input and output marketing, and input credit
- farmer organisation is weak or absent in many areas
- there is on-going change in the delivery of rural services
- remote areas are particularly disadvantaged

### *Informal markets*

Much agricultural marketing in India takes place within the informal economy. This is characterised by:

- lack of organisation
- the marketing channels are not immediately obvious to outsiders

- the channels for support of marketing are similarly immediately apparent
- important changes in markets can take place unnoticed – at least initially
- these markets escape regulation and are not easily monitored

These are not necessarily negative attributes: these markets may nonetheless be dynamic and efficient.

### **Sustainable NGO/CBO agricultural marketing initiatives**

It is against this background that farmers repeatedly cite marketing as the most important problem they face, and NGOs and other development organisations seek to identify interventions that will resolve some of the key problems.

The UK's Department for International Development, through its Crop Post-Harvest Research Programme is funding a research project focused on precisely these issues. The project is being implemented by the Natural Resources Institute, in collaboration with Agriculture Man Ecology and Catalyst Management Services in India, and this workshop represents an initial forum at which these issues may be reviewed and discussed with Indian stakeholders. Parallel research is also being conducted in Uganda. The research will be conducted over the period 2001-3.

The project purpose is: to develop commercially sustainable and replicable NGO/CBO marketing and processing interventions that improve poor farmers' livelihoods. Project outputs will focus on:

- information on marketing constraints
- best practice guidelines
- identification of the support needed by NGOs/CBOs to implement these
- dissemination

The project will focus on edible crops, domestic markets and NGO/CBO initiatives including those involving farmer organisations. It will include some research on remote area issues. It will exclude livestock products and forest products (because these are outside the remit of the Crop Post-Harvest Research Programme) unless there is experience with these products that can be directly applied to other crops. Input marketing will not be considered – unless linked with an output marketing initiative.

For the purposes of the project a marketing intervention is defined as one that aims to improve farmer incomes from agricultural marketing. This need not necessarily imply a direct role in marketing. Examples include:

- facilitating contact between farmers' groups and traders
- training farmers to manage crop assembly and bulk marketing
- targeted credit interventions
- adding value – through improved quality or processing
- strengthening farmers' groups
- improved marketing information

For NGOs and CBOs seeking to work in these areas, they face a number of issues and potential conflicts in the way they approach the problem. For instance:

- balancing long-term commercial sustainability with social objectives
- whether to intervene directly or play a more facilitative role
- whether to work through existing channels or to develop new marketing channels
- should the middleman be viewed as a demon or saviour
- working with individuals or with groups
- balancing the use of direct and indirect subsidies with long-term sustainability objectives
- targeting the most disadvantaged within an exacting commercial arena

These are some of the issues this research project is likely to encounter in its case studies and action research.



## **AME experience with marketing of organic vegetables**

By A Kamila, AME, Tiruchirappalli, Tamil Nadu

AME in Bangalore was providing technical and marketing assistance to a group of farmers near Bangalore. These trials were undertaken during the year 1998-1999. The produce was marketed originally through a consumer co-operative named "COCO" formed by Green Foundation in Bangalore. Later direct marketing was undertaken by farmers to consumers in Bangalore, via the establishment of a stall at the AME office, which retailed the produce twice weekly. The transportation costs and prices were subsidised to some extent by AME.

These trials did not result in sustainable marketing initiatives by farmers themselves for two main reasons. Firstly, the social dimensions (particularly the organisation of the group) were not addressed properly. Secondly, efforts were made to link this group of farmers to other outlets in the city. However, the stores concerned were interested in acquiring relatively few types of vegetables, whereas the organic methods promoted exploited synergies in the farming system that required the cultivation of eighteen different vegetables. It was not possible to find outlets for all these vegetables, and this factor finally undermined the success of the trials.

## **LEISA network experience with Value Added Products**

By K Velan, Low External Input and Sustainable Agriculture (LEISA) network, Tiruchirappalli, Tamil Nadu

The LEISA network was started in 1990 and comprises 82 NGOs in Tamil Nadu, each of which work in 10 –20 villages with groups of roughly 20 farmers. Its main thrust is the promotion of sustainable agricultural methods, particularly with regard to non-perishable products. They have sought to raise consumer awareness of organic products and encouraged sales through local village markets (where the production attributes are known) or through high value specialised outlets, for example in Chennai.

Awareness of the negative impacts of high energy agricultural systems gained momentum in the mid-90s, and in 2001 LEISA is working with 1600-2000 farmers, each of whom produce ½ - 1 acre of partially organic crops, as well as other production. In Tamil Nadu there is now 600-700 acres of organic cotton production.

In 1999 LEISA started a value addition initiative with the following objectives:

- increase the family income of landless farmers
- create the opportunity of additional days employment
- promote the sale of affordable local agricultural products within the village or region (at the same time promoting local recycling of biomass)

LEISA encouraged community members to form groups comprising 15 farmers and 5 landless labourers. Until this point, the farmers had been concentrating on selling raw materials i.e., products that did not include any processed element. However, they are now experimenting with small value adding activities – though finding that the costs of e.g., milling and transport, are relatively high, particularly given the low volumes presently available. However, LEISA plan to further investigate the potential including the possibility of small-scale processing plant – with a view to securing higher incomes for the farmers they work with, and particularly landless labourers who can benefit from employment creation in value addition or processing. Moreover, the involvement of landless women in these activities has empowered them through participation in decision-making processes and handling finance.

## **TEDE Trust and its experience with the Poison-Free Producers Association**

By Mr R Ranganathan, TEDE Trust, Thiruporur, Tamil Nadu.

The activities of the TEDE Trust are located close to Chennai city. In the wake of the Green Revolution there was a sharp decline in the use of traditional rice varieties and it seemed that many of these varieties would be lost. The TEDE trust starting to build a seed bank and found that farmers were keen to start planting some of these varieties once more. The TEDE Trust promoted these activities in conjunction with natural farming methods, vermi-composting and Pomja Kavium (the use of five cow products – urine, dung, milk, curd and ghee).

The next step involved the establishment of the Poison-free Producers Association, which opened retail outlets in Chennai, where they could directly target a higher income market. TEDE Trust emphasises the importance of this direct link between farmers and consumers which minimises the transactions and intermediaries involved in the marketing chain.

In addition they have developed processed rice products and sun-dried products, building on traditional skills and use of these products. For the sun-dried products, this involves buying from the farmers during a short window when prices are very low, then storing the product in buttermilk, sun-drying it and packing it in small retail packs of sealed plastic. These products are sold locally and in Chennai and include brinjal, ladies finger, banana chips and mango.

## **BASIX's sub-sector approach to vegetable cultivation and marketing**

By Ashish Sinha

As a special project of BASIX, a livelihood promotion effort has been initiated in Ranchi district of Jharkhand since June 2000. The mission of BASIX is to promote/support rural livelihoods by extending financial services integrated with technical assistance and support services to the rural producers. In the first five years of its work, BASIX concentrated on developing an effective credit delivery system. To strengthen extension of technical assistance, this special initiative has been taken up in Jharkhand, where:

1. BASIX will focus on a sub-sectoral intervention, extending support in productivity enhancement, market linkage, post harvest value addition among others.
2. Extend credit to different key players in the sub-sector, to overcome bottlenecks if any.

As the economy in the eastern parts of India has not flourished adequately, it was felt that for supporting livelihoods in this area a stronger input of technical assistance and support services (TASS) will be required before any credit intervention. Hence, Jharkhand was chosen to pilot the development of an appropriate methodology for extending TASS

BASIX undertook studies of different sub-sectors which support large number of rural livelihoods in undivided Bihar. These included studies on Bidi Rolling, Metal Work, Fisheries, Vegetables and Dairy in Hazaribagh, Deoghar and Ranchi district of Bihar. Out of these BASIX chose to initiate its intervention with the vegetable sub-sector in Ranchi district.

Vegetable growing is one of the prime occupations of people living in rural areas of the Ranchi region. Recognising that vegetable sector offers livelihoods for a large number of people, has a tremendous potentiality for growth and include the small and marginal farmers as well, the vegetable sub-sector was chosen as the first area of intervention in Jharkhand. A stakeholder workshop was conducted to understand the sub-sector and its ruling constraints.

Vegetables in Ranchi was selected as an area of livelihood intervention as it offers tremendous scope of employment to the local people. Ranchi is known for its vegetable cultivation. There is a tremendous potential for intervention in order to promote livelihood through the establishment of fair market linkage for the farmers so that they can obtain competitive market prices. There is scope to improve competitiveness among the traders, which in turn will yield higher profit margins for the farmers. This area excels in vegetable production and scope for value addition, by identifying the bottlenecks and developing appropriate counter-strategies. Since sub-sectoral intervention facilitates action in multiple points of the value addition chain, sub-sectoral intervention in the vegetable sub-sector has been adopted.

## **Proposed plan of action**

### **1. Disbursement of Crop Loan to vegetable growers :**

There are several vegetable farmers who are traditionally engaged in this occupation. After having many interactions with them, it has been understood that credit is a bottleneck for the farmers either for input buying or for labour payments. The farmers are very well experienced in vegetable cultivation and are practicing very modern methods. This knowledge and skill base can be used in the future for Inter-Borrower Expertise Exchange Programme of BASIX. The farmers of this area have also created various indigenous institutions for accessing the vegetable markets of Calcutta, Ranchi, Raurkella, Durgapur and many others.

### **2. Collaboration with PRADAN:**

PRADAN, a leading NGO working in this area for past several years, has set up lift irrigation systems in Lohardaga district. Water Users' Associations (WUAs) have been promoted for maintenance of these Lift Irrigation Systems (LIS). Collaboration between BASIX and PRADAN has been discussed to promote vegetable cultivation in the newly irrigated areas. Though LIS have been installed in these areas, full potential of the same have not been utilised.

Introduction of LI in a rainfed area influences the livelihoods of the people. Introduction of vegetable production, for which there are already good trade systems developed in the area, can significantly improve the livelihood conditions of the people in these newly irrigated areas.

This collaboration is worthwhile because of the strong social infrastructure that BASIX would be able to utilize, that PRADAN has created in the area over the years.

### **3. Developing of Technical Assistance Franchise Agents:**

There is a tremendous scope for promoting or supporting micro enterprises around the vegetable sub-sector which is necessary for the growth of the sub-sector. With the growth of the vegetable sub-sector in the area many young entrepreneurs have already started trading, though the trade channels are not yet fully developed and organised. But these micro-entrepreneurs have built up good rapport with the rural producers as many of them come from the same background. These entrepreneurs have also started trading in some agri-inputs in a small way. Capacity of these micro-enterprises can be developed by Indian Grameen Services (IGS, part of the BASIX group of companies) around the vegetable sub-sector.

### **4. Working with Tribal Farmer Community of Bedo:**

Bedo is a tribal dominated area where vegetables are grown. However, the marketing channels in this area are not developed and the farmers primarily deal with local markets only. IGS plans to develop social institutions to improve marketing, via, for instance, collective marketing. Exposure trips to similar organisations in nearby areas will be arranged and linkages developed with outside markets.

## **DEVELOPING MARKETS FOR AGRICULTURAL TRIBAL ORGANIC PRODUCTS: Experience from the Blue Mountains, Nilgiris, India**

By Mathew John

The Nilgiris are a part of the Western Ghats, a mountain range which stretches all the way down peninsular India. It is a diverse area with numerous flora and fauna, and goes up to a height of 2600 metres. A number of distinct tribal communities form part of this system.

Keystone has begun work with these communities in 1995 and one of the primary concerns has been to provide support on the marketing front. Our entry point for work was bees - the Kurumba and Irula communities are traditional hunter gatherers and slash and burn agriculturists. Honey hunting is an important part of their tradition and nearly 2-3 months in a year are spent in this activity.

The immediate concern was to help raise the procurement prices as the rates being offered by traders and middlemen was very low. Coupled with that was irregular payments and measurements. However, the tribals slowly started trickling in with their products and pretty soon we had a whole range of products - coffee, pepper, mustard, silk cotton and bees wax. All the food products were organic but there was no certification for these products. As with problems very similar to what small growers face in many parts of the world of high costs, accessibility, no documentation, etc., these same hurdles stood in our way.

### **Honey - Standards & Geographical Limitations !!**

As soon as we started marketing honey, the local market appreciated it immediately - they knew it was genuine, unadulterated honey. The cool temperatures at this elevation meant that honey was a part of their traditional diet. However, for many other outside customers, they raised questions whether it was certified by AGMARK (an agriculture certifying agency of the Government). Their standards were for processed honey and not wild honey. These standards of moisture content (i.e. 18%), would have meant that we would have to heat the honey to reduce the moisture. This would also kill the bacteria which meant a change in the character of honey. Honey naturally available in the tropical temperature has a moisture content ranging above 20% depending on the area, rainfall, humidity and other factors.

If honey is harvested hygienically, there are historical records which show that honey can stay for years without getting spoilt. We have continued to market the honey without heating, on the basis of its quality. We do not mix different batches of honey and so are able to take advantage of different flavours.

For organic certification, we got in touch with a certifying agency, but again problems of cost, accessibility, migratory behaviour of wild bees became an issue and the matter rests there.

### **Coffee/Pepper and other Homestead Products**

"Organic by default" - a definition that is applicable to most small growers. We tried to again certify these products but the problems remain:

- \* costs are too high in proportion to value of products sold
- \* fields are spread out and in different places
- \* no documentation
- \* ownership may not be watertight - land may be community lands

Such efforts have left us with a lot of questions - what are the kinds of products we are looking at, what kind of standards do we want to set, on what basis, if different from world standards, why, is there scientific basis/rationale to our standards, if we want to start exporting, will this mark stand ground. The standards should take into account small groups who are very critical in such ventures, their economic viability is crucial and export procedures should be handled in such a manner that there is complete transparency and understanding between accreditation agencies and importing countries. It should not end up that producers have to get certificates from different agencies to send products to different places.

We developed an internal monitoring system to check the quality of products where the 4 main features were:

- raw material
- processing
- packaging and distribution
- consumption & disposal

Though this did not specifically look at the organic aspects it was an attempt to control the entire process and put in place a system of checks and balances to improve the quality of products.

### **Key Issues in Setting Up the Marketing System**

One of the main decisions that was taken was that we decided to go in for a loan to get the whole project off the ground. Finally, the Small Industries Development Bank of India (SIDBI) came forward to provide a part grant - part loan to finance the project. Though the primary focus of the project was honey and bees wax, soon many other products became a part of the range. However, it brought with it, its own range of problems, especially, the generation of working capital. Funds were locked up in stocks and operating funds were always tight.

Value addition was a focus area of the work. Each product was packed and marketed as a niche product - the design of the label, packaging materials, etc. were discussed in house. At times, the cost of effort into introducing a new product seemed un-proportionately high. Since honey was the central item around which other products drew their strength, honey also attracted the maximum burden of repayment of loan. Differential pricing also helped in providing the customers a wide range

of products. Initially, effort was put into reaching out to the existing channels but soon it was found that such products did not have an immediate acceptance and that the local market itself presented a potential market to be developed. Today, we have begun 2 of our own outlets in Kotagiri and Coonoor to provide a channel for sale.

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## **NABARD's experience with lending for rural development**

By C V Reddy, National Agricultural Bank for Rural Development, Bangalore

NABARD'S mission is to promote sustainable and equitable agricultural and rural development through effective credit support, related services, institution building and other innovative initiatives.

NABARD is an apex-level Development Bank engaged in the promotion of agriculture and rural development. Its main functions embrace resource support to rural financial institutions; institution development; promoting innovative credit delivery; supervision of regional rural banks and co-operatives and the issue of policy guidelines in the area of agriculture and rural development. This includes:

- ❖ Refinance support to all rural financial institutions (RFIs) viz., commercial banks, regional rural banks, State Co-op Banks/District Central Co-operative Banks and State Land Development Banks, for their lendings for capital formation (investment credit) in agricultural and non-farm sectors
- ❖ Refinance support to state/district Central Co-operative Banks and Regional Rural Banks for meeting the short term Central Co-op Bank credit demands for production and marketing in the agriculture and handloom sectors;
- ❖ Paying special attention towards credit flow to backward regions
- ❖ Supporting rural non-farm sector for generating larger employment opportunities in the rural sector
- ❖ Fine tuning its refinance policy every year to meet the emerging needs of core activities for agricultural development – such as minor irrigation, land development and certain other important sectors of agriculture
- ❖ In addition it provides long-term loans to State Governments, financing rural infrastructure projects implemented by the State Governments and various projects implemented by ground level institutions like Panchayati Raj Institutions, self-help groups (SHGs), NGOs etc
- ❖ Paying special attention to strengthening of the RFIs, particularly Co-operative banks and Regional Rural Development Banks (RRBs), through Memoranda of Understanding/Development Action Plans in these institutions with a view to making them viable
- ❖ Taking up with State Governments to establish and operate appropriate machinery for assisting the co-operatives with their recovery drives and dealing with the wilful defaulters for recovering the dues from them to ensure that these institutions will augment their income levels to be more effective in dispensation of rural credit.

- ❖ Fostering the growth of SHG – Bank linkages programme which constitutes the corner stone of micro-Finance (mF) in rural India. (It has gone a long way and has helped in enabling the flow of credit to more than 50 lakh poorest of the poor families in the rural India)
- ❖ Extending support mechanism such as training, orientation and capacity building of the client institutions, NGO and voluntary organisations for strengthening micro-financing activities in Rural India.
- ❖ Development initiatives in the areas of Watershed Development, supporting innovative projects, revision and preparation of ‘farm-models’ for promoting greater investment in agriculture, development of non-farm sector for creating rural employment opportunities, gender related issues, human resource development in client institutions, credit planning for rural areas and co-ordination with the line departments of State Governments in implementation of various schemes for overall development of rural areas
- ❖ Grant support to Coop Banks and RRBs for setting up women development cells for increasing the credit flow to rural women
- ❖ Funding research and training activities in the fields of agriculture and rural development, setting up of Chair Units in selected universities in addition to supporting the training activities of client banks for setting up of TME Cells as well as appointment of Tribal Credit Specialists in co-operative banks/RRBs
- ❖ Credit planning exercise of the rural financial institutions through Potential Linked Credit Plans by identifying activity specific infrastructural gaps to synthesise the Development Plans by identifying activity specific infrastructural gaps to synthesise the development Plans of the Government on one hand and the credit plans of the financial institutions on the other.
- ❖ Providing grant assistance for conduct of various Entrepreneurship Development Programmes for the benefit of the youth in the rural areas
- ❖ Social engineering work through the principles of development through credit propagated by the network of Farmers’ Clubs, popularly known as *Vikas Volunteer Vahini*

## **FEDINA –BORDA project on Sustainable Agriculture**

M.A.Ashwin, Agriculture Man Ecology, Raichur (formerly with FEDINA)

### **Background**

This project was a joint initiative of the Foundation for Educational Innovations in Asia (FEDINA) and the Bremen Overseas Research and Development Agency (BORDA). The project was implemented in H.D.Kote, Mysore District, Karnataka, working with the tribal communities of Soligas, JenuKurubas and Bettakurubas. The main crops involved were cotton, ragi, and pulses.

### **Project details**

The tribals, along with other small and marginal farmers in the area, are almost entirely dependent on the moneylenders or rich farmers for the agri inputs/ monetary loans during the sowing season. Loans are also provided for carrying out other agricultural operations. At the end of the season, they have to return the money with interest, which is more than 50 %. In most cases, this is collected in terms of produce. The moneylender is present after the harvest, and based on the price that is mutually agreed upon, will collect cotton, the worth of which covers the loan provided and interest charged.

Often, the tribals are cheated either while weighing the produce or by making them agree to lower prices. In case the tribals are unable to pay the money after the particular season, the loan and the interest are both carried over to the next season, when they will again go to the same person for loans/ inputs. The farmer is caught in this cycle, and because of this, ends up with meager profits even when there is a good harvest.

The project aimed to provide interest-free agricultural inputs to farmers. The idea was to get them out of the clutches of the moneylenders. As another initiative, it was thought that collective marketing of cotton could be taken up; it was thought that this would ensure correct weighing of the produce and also, give better bargaining power.

But the debts of the tribal farmers accumulated over the previous years had not been taken into consideration while planning. So, they still ended up selling the cotton to the moneylenders from whom they had borrowed.

However, collective marketing of chilli and Bengal gram, which were grown as intercrops, was undertaken and did lead to better prices. The crops were sold in Mysore, some 45 to 50 kms away from H.D.Kote. The following points are important:

- The farmers agreed to sell their produce as one unit
- infrastructure – roads and vehicle for transportation- were in place
- obtaining market information proved vital– the prices for the day at H.D.Kote and Mysore was obtained by telephone.

All these proved to be important in fetching them a better profit margin.

## **PRAWARDA's ROLE IN AGRICULTURAL MARKETING**

By Dr. Arun Balamatti, Assistant Co-ordinator, PRAWARDA

PRAWARDA is a non-government service organisation established in April 1994 and working in Bidar district in north Karnataka. The organisation is a partner in the Indo-Swiss Participative Watershed Development Project (ISPWD K) funded by SDC-IC since 1995. This apart, PRAWARDA is involved in an Entrepreneurship Development Project funded by Sir Ratan Tata Trust Project (SRTT), two NABARD projects (one each on SHG promotion and Watershed development) and is also involved in Tank restoration and watershed development projects of the state department.

Empowerment of Rural Poor is the overall objective of the organisation, which it seeks to achieve through its strategy of 'Development through Institution Building'. In line with this strategy, PRAWARDA promotes appropriate community based organisations (CBOs) like Self-Help Groups (SHGs), Watershed Management Committees (WMCs), Village Development Societies (VDS) etc. These CBOs are to take over the role of PIAs (Project Implementation Agencies). The role of PRAWARDA is facilitate formation and strengthening of these CBOs.

Apart from NRM and watershed-related interventions, PRAWARDA also encourages these CBOs to takeover any activity in the interest of socio-economic development of the village. Agricultural marketing, obviously, is an integral part of this development process. Hence, PRAWARDA, at the moment, is trying to establish network with such organisations, who can absorb the LEISA products produced by the farmers in the project area. Keeping in view the sustainability aspect of agricultural production, as a policy, we discourage farmers resorting to any chemically derived pesticide and fertilisers. On the other hand, we are working continuously on alternative agricultural practices like organic fertilisers and composts, use of botanicals and animal by-products etc. As a result a significant quantity of organic red gram, green gram, black gram, Basmati rice, jaggery etc are being produced which need appropriate market outlets. We are also thinking to start 'Raitha Bazaar' (Direct marketing by farmers) on the lines of Andhra Pradesh model. We are very keen to assist SHGs on these lines to cater to the needs of domestic markets by providing necessary logistical support.

PRAWARDA seeks to

- Look for networking to share organic produce,
- Encourage SHGs to do direct marketing in the domestic market, and
- Extend facilitation and logistical support

**MARKETING OF ORGANIC FOODS IN GHANA: PERSPECTIVES & CONSTRAINTS OF GHANA ORGANIC AGRICULTURE NETWORK (GOAN)**

**MSc research undertaken by Dr Arun Balamatti**

This research was carried out in partial fulfilment of the requirements of M.Sc. in Appropriate Rural Technology & Extension Skills (ARTES) at the International Institute of Management, University of Flensburg, Germany. The study is similar to the research proposed by NRI, AME & CMS and it may be of interest and relevance to quote here the study results in brief.

The study revealed that the farmers, mostly small farmers, opted for organic farming from economic compulsion rather than for ecological or philosophical reasons. Avoiding the use of expensive agro-chemicals and thus reducing the production costs was the primary concern. The cost analysis for selected crops indicated that the agro-chemicals indeed constituted a major part of the production (over one-third). The nature of organic farming also differed from that followed in the industrialised countries. The farming, basically being traditional, emphasised non-use of agro-chemicals while treating the soil as a living system.

On the market front, while the sellers preferred handling organic foods for their longer keeping quality, the consumers preferred them for their better nutritive value and taste. The scenario was that, though there was a need for organic farming, development of a domestic market seemed more appropriate than aiming at international markets. This was further confirmed through SWOT analysis, which not only underlined GOAN's (the NGO) efforts in research and extension activities, but also showed its limitations in developing a market for organic foods on its own. Certification and labelling of produce grown by farmers all over the country cannot be done owing to GOAN's limitations such as lack of established certification standards, limited staff, transportation etc.

Assuming that these limitations were not to change significantly in the next 3 to 5 years, a community based domestic market development seemed a realistic starting point for GOAN. Hence, promotion of self-help groups, with logistical support from GOAN to build farmers' capacity and keep marketing costs low by a system of local control, seemed more feasible than looking for non-existent certification standards.

## **Experiences of Vegetable and Fruit Promotion Council Keralam (VFPCCK)**

By S Pattabi Raman, AME/Trichy and former employee of VFPCCK  
(including information taken from the website [www.vfpck.org](http://www.vfpck.org) )

### **Background**

Kerala Horticulture Development Programme was formed in the year 1993 with the financial support of the European Union and Government of Kerala. The total project outlay was Rs. 131.95 crores (33 million Euros).

After a series of studies, seven districts of Kerala were identified for the launch of the project. Activities were first launched in Trivandrum, Ernakulam and Kottayam and gradually over the years the programme has spread to the other districts.

KHDP's core concept for promoting the development of farmers is the formation of a "self help group" (SHG) - voluntary groups of 15-20 commercial fruit and vegetable cultivators, run according to a set of mutually agreed norms. Membership is only available to full time farmers, cultivating vegetables at least 50 cents (2000 sq. m) for 2 seasons or 25 cents (1000sq. m) for 3 seasons or 300 banana plants. SHG membership provides multiple benefits.

Presently KHDP is registered as a section 25 company and renamed as Vegetable and Fruit Promotion Council Keralam

### **Master Farmers**

Each SHG unanimously nominates three Master Farmers, one each for Production, Marketing and Credit. They will be trained by KHDP in leadership skills.

The Master Farmer (Production) provides technical information and training to farmers on production related issues. The Master farmer (Credit) helps the group members to make a credit plan and links them with the banks, promotes proper utilization of loan and its timely repayment. The Master Farmer (Marketing) helps farmers to sell their produce as a group and represents SHG in the field centre.

### **KHDP supported markets - for the farmers, by the farmers**

KHDP's main marketing intervention has been Group Marketing. Farmers from 10-12 SHGs, on average a total of about 200 farmers, form their own market. Farmers' produce is graded and bulked at the market and, since a large volume of fresh fruits and vegetables are available at one location, traders come to the market to trade, instead of farmers going to traditional markets and selling individually to traders.

The Group Marketing operation starts when the participating SHGs form a Bulking Point. At this stage KHDP farmers from nearby SHGs first collect their produce at the bulking point and are then take it to the nearest traditional market. Since all the farmers are selling together they are better able to negotiate with traders and the use of joint transportation reduces expenses. After a period of operation as a bulking point, which serves as a trial period, the member farmers develop an organisation called Swasraya Karshaka Samithy (SKS, meaning Farmer' Committee for Self-Help)

which is responsible for managing the market. At this stage the market is sufficiently well developed to attract traders to it.

**Advantages of SKSs:**

1. Market is located close to production centers, saving considerable time and transport costs.
2. Reduction in marketing commission from 10% to 2-3%.
3. Traders get fresher produce than is available in traditional markets.
4. Use of correct weights.
5. Transparency in transactions.
6. Moral boost to the farmer due to his increased bargaining power.

SHG farmers pay membership fee. The SHG is managed by a committee of marketing master farmers, re-elected annually.

Support from KHDP: For the first year of operation KHDP provides basic furniture, weighing balance, account registers, rent, salary for secretary, and audit fees. SKSs meeting the set performance criteria are assisted to acquire land to erect a permanent building for running the farmers' market.

Soft Support: Building the capacity of master farmers and farmers to successfully run a business enterprise through proper procurement and marketing planning, analysis of market volumes and prices, management of trade linkages, proper accounting and auditing, and promoting active participation of members in managing the business.

Input centres: this concept was introduced by farmers themselves to reduce the risk of farmers being sold inappropriate agro-chemicals. It also leads to increased and more convenient availability of inputs including fertilisers, agro-chemicals, and tools. Inputs are available when needed, at competitive prices achieved via bulk purchase.

## **Gram Mooligai Company Ltd. - A Profile (Village Herbs)**

by G Raju

Medicinal plants form an integral part in India's rich Medical Heritage (IMH). Over 8000 species of medicinal plants, herbs, shrubs, trees, climbers, orchids, grasses, tubers and even lichens are reported to be used for medicinal purposes by millions of households across the country. Although rural households have traditionally used the plants, they are rapidly gaining profound usage in the urban domestic as well as by the industry. Rampant exploitation of these plants is now raising conservation concern. It was primarily because of this concern fuelled by an equal concern towards the waning of this rich tradition that the Foundation for Revitalization of Local health Traditions (FRLHT) came into being, in 1991 in Southern India.

FRLHT ever since has forayed into research on the various aspects of IMH as well as formulated and implemented a conservation strategy for these medicinal plants both through in-situ and ex-situ means. To achieve this feat in the three southern states of India viz. Kerala, Karnataka and Tamilnadu FRLHT has networked through a host of Forest Departments, Research Institutes and Non Governmental Organizations with participation from rural communities. The network was christened Medicinal Plant Conservation Network (MPCN), in 1997, all working in tandem towards fulfilling its mission.

Over seven years of conservation efforts have spelled out clearly that any sustained conservation effort will meet only limited success, unless the commercial demands of the industry and the consumption needs of the people are met in a systematic manner. Research reveals that more than 75% of the medicinal plants in trade are sourced from wild habitats. Apart from the spate of the disappearing plants, the plight of the primary collectors of these medicinal plants from the wild is getting worse. Of the various players in the consumption chain of medicinal plants, this section is attaining great levels of exploitation. Incidentally, this very community can provide a sustained impetus to any conservation effort, provided their interests are suitably incorporated into the scheme of things.

### **Gram Mooligai Company-The Genesis**

It is based on this premise that the Gram Mooligai Company Ltd. (GMCL) was born and subsequently got registered under the companies act in January 2000. Unlike its patron FRLHT, which by virtue of being registered under the societies act is restrained from embarking on a commercial or a profit earning venture, GMCL which is a commercial enterprise, would attempt to ensure that the benefits of commercialization is redistributed among the primary producers of these medicinal plants.

For establishing a more equitable participation of the rural producers, the majority shareholding of the company is limited only to those who can supply the medicinal plants through collection and/or cultivation to the company. This in effect means that the rural cultivators and collectors would be organized in groups or Sanghas, who then become eligible to buy shares. The board of the company or the promoters has been drawn from the MPCN and the sanghas. A plethora of professionals and the rich experience of the members of MPCN network further augment the strength of the company.



### **GMCL- Operations**

NGO partners organize the collectors and cultivators into small groups or sanghas who undertake the collection or cultivation of medicinal plants as per the demand of the industry. Requisite training is also imparted to the sangha members on group building, sustainable harvest methods, agro-techniques, cleaning, quality control, accounts and record keeping. The material collected at the village level is then transported to the respective buyers.

FRLHT has also set up a modern laboratory, which supports GMCL operations by undertaking research on standardization of raw herbs, testing for quality and product development work.

### **GMCL Research**

GMCL has contracted a research work on optimum drying of 10 raw herbs. The company has undertaken cultivation trials of about 15 plants. It has contracted a sustainable collection study to American College for 7 plants collected in non-forest area. FRLHT lab is standardizing 10 raw drugs for GMCL.

### **For the buyers**

The Company assures supply of quality raw drugs. The quality standards is followed as per the prescribed pharmacopoeia, where available, of both Indian System of Medicine and Allopathy. The raw drugs will be suitably dried and tested to confirm quality. Through its wide network spanning three states, it is in a position to supply a whole gamut of raw drugs available in the region. Therefore, the Company will serve as a one-stop-shop for quality raw drugs of medicinal plants.

The Company has organized cultivation of select medicinal plants through its sanghas (15) and provided assured supply of raw drugs based on prior agreement with buyers. During 2000-1 the company has organised cultivation of 400 acres consisting of Cassia augustifolia, Cathrenthus Rosea, Bacopa monneri, Mucuna pruriens, Phyllanthus amarus and Aloe vera. Further through collection from non-forest areas supplied about 40 tons of Eclipta prostrata, Boerhavia diffusa, aloe vera suckers, Tribulus terrestris, Ocimum sanctum. This gives the buyer an assurance of getting supply of raw drugs at a fixed price and frees him from worries about market fluctuations. The Company is in a position to mobilize about 1000 acres in the year 2001-2.

Some of our buyers are Natural Remedies, Reliance Agro-technology Ltd, AMSAR Pvt Ltd, Sami Chemicals, PSS Ganesan & sons and Agarwal and Co.

Reach us at Gram Mooligai Co Limited  
#50, MSH Layout, Anandnagar, Bangalore - 560024

Fax: 91-080-3334167 Tel: 3632008, 3336909/ 3434465

e-mail: gmcl@netcracker.com

web site: www.village-herbs.com. visit our web site for latest information on raw herbs available.

## **Groundnut trials by the People's Solidarity Association in Tamil Nadu**

By Mahindran, PSA and A Kamila, AME, Tiruchirappalli

PSA is a partner NGO of AME and member of the ROOTS network. Since 1999, PSA has been involved in promoting ecological agriculture and specifically integrated crop management practices amongst dryland farmers.

In 2001, in collaboration with AME, PSA member farmers have undertaken groundnut trials using varieties available from ICRISAT. Preliminary indications from these trials are that the introduced varieties have a higher oil content but that farmers do not prices paid by traders sufficiently remunerative. The purpose of the trials, which result from collaboration between AME, the Tamil Nadu Agricultural University and ICRISAT is to test the technical feasibility of these varieties in the dryland conditions of Tamil Nadu.

## **Sustainable institutions: the experience of the Dhan Foundation**

By K Srinivasan, Dhan Foundation, Madurai, Tamil Nadu.

The Dhan Foundation works in the states of Tamil Nadu, Pondicherry, Andhra Pradesh and Karnataka. Its activities are focused in two main areas:

- micro-finance
- tank irrigation and agricultural development.

It views the development of sustainable institutions as a key strategy for its activities and stress the importance of linking grass roots organisations with mainstream collaborators (for instance to access financial assistance) as well as with networks and relevant organisations abroad. Locally it has three main partners:

- CAPART – which helps with capacity-building of local organisations
- NABARD (for access to finance) and
- District Rural Development Agency (a state government organisation).

Activities in marketing are currently very limited but a role is envisaged for interventions at three levels: village level, blocks (or clusters) and at district level. Tentative suggestions on important elements of a marketing strategy are listed below:

- identify thrust areas
- identify potential markets
- promote community organisations
- promote an apex body
- work with co-operatives which have good linkages with commercial banks and credit lines
- emphasise buy-back (guaranteed purchase) arrangements
- groups will need financial assistance from banks – particularly for working capital
- NGOs can support this process by providing training in the production of different products, processing and value addition
- Export markets are an important part of the marketing equation
- There is a need to work out crop insurance systems and simplify insurance processes.

## **Selected activities of the Kishkinda Trust (TKT)**

By R G Kulkarni c/o AME, Raichur

### **Overview**

TKT is an NGO based in the village of Anegundi of Gangawathi taluka, Koppal district in Karnataka. Besides other activities it is engaged in night soil composting, vermi-composting, bio-dynamic preparation and use of banana fibre to make banana paper and many articles of daily use. The technologies are simple and easy to adapt.

### **Pesticide-free and organic paddy**

Paddy is the major crop of the area. TKT works with farmers to produce pesticide-free paddy. These farmers have formed a group called 'Sasya Shamal' to promote the cultivation and marketing of pesticide free and organic paddy. As a consequence, farmers in some villages are now growing pesticide free paddy and some are also growing organic paddy. But marketing the pesticide-free paddy has been a challenge for them and TKT. Farmers expect a minimum of Rs. 200 per quintal of pesticide-free rice, as an incentive to produce pesticide free rice. To obtain a premium over rice produced with pesticides, the product's properties need to be apparent to consumers. How does the monitoring authority exercise control over production to ensure that quality standards are met? Certification and inspection may be expensive and susceptible to abuse by some farmers and officials. However, NGOs working with a group of farmers can maintain standards and provide assurance to consumers.

### **Changes in cropping systems and marketing**

Farming practices are changing, with a decline in many of the traditional methods of farming and marketing. The farming economy is now more monetised and barter trade has declined. Traditional knowledge and practices surrounding agricultural production, including post-harvest handling and marketing, have been forgotten. Bio-diversity has declined and with it the farming systems that suit soil characteristics and other local conditions. Farmgate sales are also less important now, despite the apparent advantages this convenient marketing option offers farmers.

Over time the cropping pattern of Gangawathi area has become dominated by monocropping of paddy. Farmers now grow two crops of paddy during a year. Use of chemical inputs is on the increase and so is the incidence of pests and diseases. Scientists and policy makers are responding to these problems by providing superficial solutions without necessarily analysing the root causes.

Interventions involving external inputs to increase production have led to problems in every field. A true low external input sustainable agriculture (LEISA) package, based on the principles of self-help groups, can reduce the problems of crop production and marketing. Cropping systems that exacerbate mining and exporting of nutrients should be discouraged. Although this may sound unrealistic to many modern development thinkers and planners, there are a number of ways in which farmer reliance on purchased inputs (and associated indebtedness) can be reduced.

## **Components of a comprehensive village-level plan**

- The mounting pressure of interest payments, loans and poverty leads to a vicious circle of indebtedness; farmers become locked into a pattern of indebtedness and hence the need to take new loans to pay for inputs, with an associated need to sell produce to the same trader, often at poor prices.
- Village-level infrastructure is very limited. Improvements in storage, transport and roads are important priorities.
- Warehouse receipt schemes enable farmers to store their grain and take a loan (with the grain held as collateral), thereby obtaining funds when they are needed after harvest, without foregoing the opportunity to sell the crop at a more advantageous price later in the season. However, few farmers know of these Government supported schemes.
- Produce quality is sometimes jeopardised by the use of external inputs and may not be acceptable to traders, particularly if the product is to be stored for a long time.

At village-level there is scope to adopt a number of appropriate technologies relating to farming and crop production, including: post-harvest technologies, methods to incorporate bio-diversity on the farm, biomass production, recycling, integrating the farming systems etc. These could be components of a comprehensive village development plan.

## **What needs to be done?**

- Raise consumer awareness on the ill effects of food produced using chemicals.
- Quotations from Upanishads could be used to support the messages. It would be wise to know the right food along with right production systems too.
- Provide information on availability, storage, cooking methods, seasonality, identification of weeds as food, medicine, fodder and eco-friendly processing etc.
- Promoting consumer organisations, with professionally managed retail outlets.

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*Look at the birds of the air  
They neither sow  
nor reap or  
gather into barns*

Jesus

## **The Low External Input and Sustainable Agriculture (LEISA) Network**

By Oswald Quintal, KUDAMBAM

### **Introduction**

The LEISA (Low External Input and Sustainable Agriculture) network consists of grass root NGOs, small and marginal farmers and landless agricultural labourers. Since its inception in 1990, by a group of 18 NGOs and 4 farmers, the network has been providing services in the area of sustainable agriculture, to enable the resource-poor agricultural workers to become self-reliant. The major focus of LEISA is alternative land use, encouraging farmers to use their lands for cultivating food crops in an organic manner, aiming towards food security at various levels.

KUDUMBAM is a local NGO that is part of the LEISA network in Tamil Nadu, committed to understanding the socio-economic problems of the target area for evolving a plan of action. Beginning with field trials and experiments, related to pest control, water management and soil fertility – initially concerned with the cultivation of paddy, groundnut, cotton and vegetables – KUDUMBAM established alternatives for other agrobased problems.

At present, 2000 farmers are directly involved in conducting field experiments and practice organic agriculture in 9 districts of Tamil Nadu; about 10,000 are directly involved in sustainable agricultural practices, thus promoting the LEISA concept at a larger scale. A participatory study initiated in 1998 –1999 among 2000 farmers, to find what the key issues in agriculture were, identified the lack of soil moisture as their main problem. The neglect and destruction of water bodies and the lack of resources of the farmer are interlinked and interdependent phenomena. Since 1999, LEISA has also begun to address water related issues at different levels.

### **Organisations**

The LEISA Network, of which KUDUMBAM is the state convenor, works with resource poor farmers and other NGOs. They work in the region of Pondicherry and Tamil Nadu, especially where rain-fed agriculture and rearing of livestock are predominant. 2000 farmers in 9 districts are directly involved in field experiments concerned with organic agriculture. 82 NGOs, co-ordinated by KUDUMBAM, work with a similar number of villages to promote LEISA concept.

### **HOW?**

#### **Success and strategies**

Most of the activities undertaken are ongoing and concern a variety of issues. To strengthen the LEISA concept and its activities, in a qualitative and quantitative manner – and to reach a large number of farmers – 6 state level committees have been constituted. Each of these committee implements a major activity, (along with allied activities), at different levels. Each committee consists of one or two lead NGOs, representatives from member NGOs, district co-ordinators, district secretaries, field executives, farmers and field staff.

The six committees and their activities are briefly given below:

1. The participatory Technology Development Committee, to implement and monitor all activities and experiments, such as Farmers Field Schools, Integrated Crop Management, Integrated Pest Management, etc.
2. The Sangha Committee, to form and strengthen farmers' associations as well as to promote credit and savings activities.
3. Value Added Products Committee, to involve the landless labourers in value addition of agricultural products and in marketing them in order to earn a regular income.
4. Biodiversity Committee, to promote the diversity of the various species of crops, tree, animals, bird, seeds and micro-organisms and to protect them for any disaster and depletion.
5. Gender Committee, to promote qualitative and quantitative gender equality in decision making and the sharing of resources as well as equal rights and responsibilities over property.
6. Campaign Committee, to disseminate information and create an awareness and various issues. This includes taking appropriate steps for influencing policy changes in the government and to lobby the officials, institutions and departments to work towards policies favouring the common, resource-poor farmer.

Some of the other strategies used by KUDUMBAM to achieve their ends may be briefly summarised as follows:

- The generation of awareness and the empowerment of the weaker sections of the community.
- Organising self-help groups for women promoting credit unions and collective action against gender basis.
- Non formal education for women, the land-less people and the youth
- The establishment of an ecological research farm at Kolunji, in Pudukottai district, which is drought prone area.
- The establishment of a watershed programme in 400 acres of land in Pudukottai district.
- The development of common property resources in 40 acres of land, growing tree for food, fodder, fuel and timber

KUDAMBAM publishes a bi-monthly magazine in Tamil called *Pasunthalir* that has 1500 subscribers. The magazine deals with issues relating to innovations and their applications in improving soil fertility, crop yields, water management, pest control, soil moisture, value addition, marketing, crop rotation, intercropping, mixed cropping, multiple cropping, gender equality, biodiversity, financial management, campaign activities etc.

## **The ROOTS Network**

By Maya Prithviraj

ROOTS NETWORK is an amalgam of 43 grass roots non-governmental voluntary organisations in eleven districts in Tamil Nadu state. Since its inception in 1994, these organisations have been working on sustainable rural agricultural development, to preserve the ecological balance and stability in the environment through better natural resources management. Its work is guided by the following vision and objectives:

- Tropical rural agro-ecology management/development
- Training village officers and farmers on ecological farming principles
- Capacity building and perspective widening of VO's and farmers
- Evolving ecological health centres
- Developing natural and human resources besides resources management
- Promoting an organic farmers movement
- Empowering women and those marginalised
- Combating drought and diversification
- Publication of multilingual resource materials, and
- Publication of a periodical highlighting activities and propagating traditional knowledge

Roots' association with AME started in the year 1996 when AME commenced its phase IV with a regional office in Trichy. The mutually beneficial relationship and partnership between the two organisations has helped set the process of development in motion, with AME expertise able permeate to the rural base through Roots Network. Members of Root Network have received training on:

- Watershed management
- Integrated crop management (for paddy and groundnut)
- Integrated dryland management
- Gender equity

Twelve of the Roots Network members are long-term partners of AME. Apart from participating in all AME promoted activities, the members are also producing several rural agro-products such as seedlings and saplings, herbs and herbal medications, organic and vermi compost matter and green manure, which need to be marketed. Training in marketing, market feasibility assessment and promotion is required.

The 12 AME partners in the network have developed a marketing federation of the partner members to create a platform of well co-ordinated marketing assessment and effect successful inter-market exchanges of ideas and products.



## **Marketing activities by AME in Tiruchirappalli, Tamil Nadu**

By A Kamila, AME

AME, Tiruchi, has been working with networks of NGOs, namely ROOTS network and LEISA network. The integrated crop management practices have been promoted among farmers as an “entry” point in sustainable agriculture. It has become increasingly clear, as a result of AME’s work with these networks, that farmers have little control over the marketing of their produce. Women, in particular, although playing an important role in agricultural production activities, seldom exercise any control over the resources and the marketing of produce.

As a result, AME is now planning to facilitate farmers and women’s groups to enable them to undertake direct marketing of rice and groundnuts. Two NGOs<sup>2</sup> will participate initially in the scheme:

- Trust for Rural Development
- Rural Education for Community Organisation

In addition, marketing activities may be undertaken by Kudumbam and VENTURE (both LEISA members) as well as members of LEISA in other districts.

Marketing activities of these organisations will be strengthened through careful feasibility analysis of proposed strategies.

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<sup>2</sup> A third organisation, the Centre to Actuate the Rural Environment, will also pilot marketing activities but without direct support from AME, since it is no longer an AME partner.

**Annex 1:**  
**Workshop on the Role of NGOs/CBOs in Agricultural Marketing**  
24-25 September 2001, White Field, Bangalore, India

**Programme**

**24 September 2001**

0930	Introduction to ECC by ECC director
0945	Self-introduction by participants
1000	Introduction to the workshop, its scope and objectives
1030	Tea
1100	Discussion on workshop scope and objectives
1230	Lunch
1330	Presentations on marketing experience by participants
1600	Tea
1630	Presentations (continued)
1700-1830	Groups work on organics marketing, value addition, and other marketing strategies
1900	Dinner

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**25 September 2001**

0900	Presentation of group work
1030	Tea
1100	Planning and identification of case studies
1215	Round-up
1230	Lunch
1400	Departure

## **Annex 2: list of participants**

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